**Hong Kong Electronic Trading Rules – Sub-Delegation of Direct Market Access**

With effect from 1 January 2014, the Securities and Futures Commission of Hong Kong (the “SFC”) has introduced new regulations on electronic trading, covering (among other things) direct market access (“DMA”) activities.

**Sub-Delegation Requirements**

J.P. Morgan hereby acknowledges a DMA-trading Client (the “Client”) may sub-delegate its access (to the J.P. Morgan DMA system) to its underlying clients / its affiliates (the “Sub-Delegatees”). “Sub-delegation” refers to the arrangement between the Client and the Sub-Delegatees whereby the Sub-Delegatees place DMA orders to an exchange via J.P. Morgan’s DMA system offered to the Client, without manual re-entry by the Client. A sub-delegating Client must have a good understanding of its Sub-Delegatees (including the electronic trading systems and trading algorithms used by them). In particular, J.P. Morgan requires you to adhere to the following requirements:

(a) The Client must be a licensed or registered person under the Securities and Futures Ordinance of Hong Kong or an overseas securities or futures dealer or an overseas bank subject to regulatory supervision.

(b) All orders belonging to or originated by the Sub-Delegatees must flow through the Client’s systems. Such orders must be subject to appropriate risk management and supervisory controls (including pre-trade controls and post-trade monitoring) established by the Client.

(c) The Client must ensure the Sub-Delegatees meet the following minimum requirements:

   (i) the Sub-Delegatees should have appropriate arrangements in place to ensure their users are proficient and competent in using the J.P. Morgan DMA system;

   (ii) the Sub-Delegatees must understand and be able to comply with applicable regulatory requirements; and

   (iii) the Sub-Delegatees need to have adequate arrangements to monitor their orders entered through J.P. Morgan’s DMA services.

(d) The Client must put in place a written agreement with its Sub-Delegatees, setting out the terms of the J.P. Morgan DMA services that are being sub-delegated.

The requirements above are subject to change from time to time. If a Client is unable to comply with all of J.P. Morgan’s requirements, it must not, and must cease to, sub-delegate its access to the J.P. Morgan DMA system, and notify its usual J.P. Morgan contact immediately.